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Letters to the editor

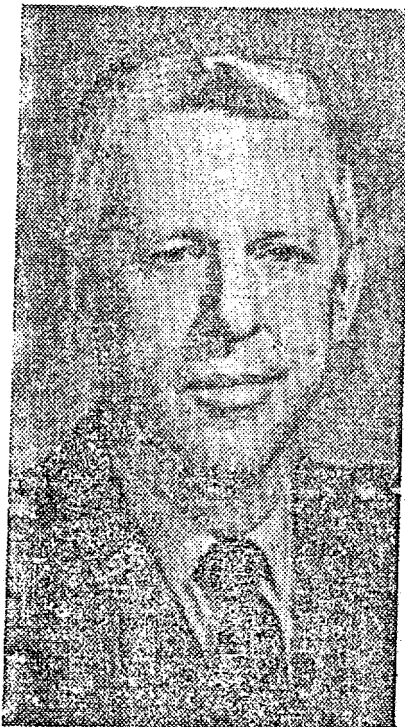
What Russia spends on defense

Your story concerning the warnings of the secretary of defense about the size of the Soviet military budget ("Are the Soviets Really Outspending U.S. on Defense? Colby Is Dubious," Oct. 27) contains several serious distortions of my views on the matter.

The article states that I agreed in testimony to Sen. Proxmire that dollar estimates of Soviet military costs "tend to inflate Russian expenditures." This is absolutely wrong. I have for several years, working both at Central Intelligence Agency and Defense Intelligence Agency, rejected the dollar costing methodology because it results in serious underestimates, not inflations, of the Soviet military budget.

I testified to this clearly to Sen. Proxmire three months ago. I pointed out that under the old costing methodology, we were estimating a Soviet military budget of about 6 to 8 percent of GNP per year and a growth rate of military budget of 2 to 3 percent. From reviewing improved evidence and the application of other analytical methodologies, I believe that the Soviet military budget has been consuming over 15 percent of the GNP, and that this percentage has been valid for the past several years.

It has been the view of most De-



LT. GEN. DANIEL O. GRAHAM

fense Department analysts for the past three or four years that estimates of total Soviet military expenditures have been much too low.

To illustrate my points, I would

quote an excerpt from my July testimony to Sen. Proxmire. This followed my averral that the estimates of Soviet budgets had been too low:

Chairman Proxmire: Do you think there was an average increase in rubles?

Gen. Graham: Oh, yes, if you are talking in rubles.

Chairman Proxmire: What was that increase over the past 10 years per year, roughly? Or give it to me for the 10-year period and then divide by 10.

Gen. Graham: For the 10-year period I would say that the ruble increase approximated the increase in GNP. I do not arrive at that conclusion from any complex economic analysis. I am not an economist.

Chairman Proxmire: Approximated the Russian increase in GNP.

Gen. Graham: That is right.

Chairman Proxmire: Then it would be about 4, 5 or 6 percent, something like that in that area.

Gen. Graham: That is right.

Chairman Proxmire: I understood you to indicate that there was a shift in the proportion of GNP that the Soviet Union was putting into the military, or was this a shift in estimate? (Deleted).

Gen. Graham: I said that (deleted).

Chairman Proxmire: The estimates had been wrong?

Gen. Graham: Yes, sir.

Chairman Proxmire: They have been consistently spending at 15 percent?

Gen. Graham: Yes, sir.

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(NOTE — Gen. Graham, an associate of outgoing Defense Secretary James Schlesinger, resigned this week as director of the Defense Intelligence Agency.)